

D.H.P. Stores Inc.

Lisa Clark could feel the hair rising on the back of her neck as she read the memo.

"I would appreciate it if you would talk to Ray Patton about his recent actions in several of our Toronto stores. Patton has greatly upset three of my store managers and their staffs, and I would like you to put a stop to his actions immediately. Last Tuesday he visited the three stores in question (Downsview, Yorkdale, and Bloor Street) and severely criticized the managers of the stores for not having marketing campaign materials for our new credit card promotion prominently displayed. This is not the responsibility of Marketing, and if there is a problem it should be referred through me."

The note was signed by D. K. Adams, Vice-President of Branch Operations.

D.H.P. Stores Inc. (Dependable Home Products) is a consumer goods retailer with outlets across Canada. Its major focus was hardware and housewares, and it saw its competition being companies like Canadian Tire, Home Hardware, etc.

Lisa knew exactly what had happened in the three branches in question. She hadn't visited those three, but in the last week or so she had been to five or six stores and observed the same lack of promotional materials which Ray Patton had reacted to. Marketing had initiated a new credit card for D.H.P. Stores. The aim was to sign up as many customers as possible and thereby hope to capture more of their business. Most, if not all, of D.H.P.'s competitors had their own credit cards, and it was a known fact that purchases per store visit were higher for people with credit cards than without. The D.H.P. card had no fees attached, and offered 30-day free credit. It was a device to capture customers, maintain customer loyalty, and increase purchase size per store visit.

The promotion for the cards had been launched ten days ago, but many stores had little or no promotional material on display. There had been a print campaign in the media and some limited radio and television advertising, but Lisa felt that the major thrust for signing customers up would have to occur at store level. Cashiers and store employees could speak to customers about the credit card and to sell them on its advantages. There were bonuses attached to the card on signing up, the customer received a \$25 credit against the first monthly bill. Stores had received supplies of badges for employees which trumpeted "Have you got your \$25 credit yet?" as well as posters, window stickers, and promotional flyers which were to be displayed at the cashiers' positions.

When the issue of credit cards had been proposed by Lisa, Vice-President of Marketing, at an executive committee (composed of the President and five Vice-Presidents) meeting, it had been agreed to by everyone. Initially, a discussion had arisen over whether it should be implemented by Finance, Store Operations, or Marketing. Lisa had argued that the credit function was clearly the responsibility of Finance, and that authorizing of credit facilities for individuals, monitoring, collection, and administration were all Finance functions. The VP of Finance had, of course, agreed, as had the rest of the group. However, Mr. Adams felt that the implementation of the credit card program should be an Operations responsibility. "After all, " he said, "this is a customer-based product, and its selling is not unlike the selling of a toaster or chainsaw. It is a device aimed at increasing and maintaining customer loyalty and is linked to our ongoing efforts to accomplish the same objectives. Up to now we have done it through good customer service, pleasant and helpful staff, good product, and good store facilities and locations. It's an Operations responsibility."

That much that Adams said was correct, Lisa argued that there were several close links to promotions of various kinds, to merchandising strategies and to specific advertising campaigns. she felt that Marketing was in the best position to coordinate the effort to issue as many credit cards as possible, and to build sales at the same time.

The meeting had ended with the following general decision: Finance was to control all aspects of credit, collection, and administration. Marketing was to launch the cards through a nation-wide promotional effort, linked perhaps to a product marketing campaign if that seemed appropriate, and Operations was to "sell" the cards in-store.

However, once the campaign was launched, Lisa noticed a marked lack of enthusiasm for it at store level. Lisa felt that the promotion of credit cards should be the number one priority for the stores. They, however, did not share this sense of urgency, and regular activities such as "Sawbuck Days" and seasonal promotions seemed to be taking precedence over credit cards "sales".

Ray Patton had obviously been upset by what he had seen in the stores and had taken the store managers to task for their lack of effort in promoting credit cards. Adams was correct in that store operations were not Patton's responsibility, but on the other hand, the idea had been Marketing's and they were all committed to making it work. Now Lisa found herself faced with trying to get things back on track. She reached for the phone, but hesitated, undecided as to whether she should call Adams or the President.